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**THE CITY OF
EAST ORANGE, NEW JERSEY
ORDINANCE NO. 28 OF 2020**

**AN ORDINANCE OF THE CITY OF EAST ORANGE MUNICIPAL COUNCIL TO
APPROVE THE TRANSFER OF A TAX EXEMPTION AND TO AUTHORIZE THE
EXECUTION OF AN ASSIGNMENT AND ASSUMPTION AGREEMENT BETWEEN THE
CITY OF EAST ORANGE AND LJJ OZ HALSTEAD HOLDING URBAN RENEWAL, LLC**

WHEREAS, pursuant to the provisions of the New Jersey Long Term Tax Exemption Law, (N.J.S.A. 40A:20-1 et seq.), and Chapter 247-1 et seq., of the Code of the City of East Orange, **LJJ OZ HALSTEAD HOLDING URBAN RENEWAL, LLC**, an urban renewal entity qualified to do business under the provisions of the Long Term Tax Exemption Law as amended and supplemented, N.J.S.A. 40A:20-1, et seq. (Long Term Tax Exemption Law), with offices at **C/O Barberry Rose Management Co., Inc. 1024 Broadway, Woodmere, New York, 11598** ("transferee/proposed owner", as hereinafter defined) and the **City of East Orange**, a municipal corporation in the County of **Essex** and the **State of New Jersey** ("City", as hereinafter defined), whose offices are located at **44 City Hall Plaza, East Orange, New Jersey 07019**.

WHEREAS, the Entity is the "transferee" of a sale and "proposed owner" of certain property designated as Tax Block 700.01, Lots 17 and 18, more commonly known by the street address of 125 and 129 Halsted Street, East Orange, and more particularly described by the metes and bounds descriptions set forth in Exhibit 1 to this Agreement (the "Property" or the "Project Site"); and

WHEREAS, the Project is located in the Evergreen Square District Redevelopment Area; and

WHEREAS, the project proposed by the Entity is contemplated to consist of approximately sixty (60) market rental units over gated parking (the "Project") and as set forth more fully in the attached Application; and

WHEREAS, the Entity has represented that the development of the Project is 95 % complete and the "proposed owner" will complete all necessary site work, environmental remediation, and the construction of the aforementioned structures and improvements, all tenant common areas, parking lots, site lighting, curbing, walkways, etc.; and

WHEREAS, the Entity is an urban renewal entity formed and qualified to do business in the State of New Jersey and under the provisions of the Long-Term Tax Exemption Law; and

WHEREAS, this Financial Agreement executed in 2017 by 129 Halstead Urban Renewal Entity, LLC for a long-term tax exemption relates solely to the Project described herein and is being assigned to the "proposed owner" pursuant to the attached agreement Exhibit 2; and

WHEREAS, the provisions of the Long Term Tax Exemption Law, and such other statutes as may be sources of relevant authority, if any, authorize the City to accept, in lieu of real property taxes, an Annual Service Charge paid by the Entity to the City as set forth in such laws; and

WHEREAS, the initial Developer presented to the Mayor's Tax Exemption Review Committee a revenue projection for the Project in 2017, that sets forth the total gross revenue to be received and costs to be expended by the Developer from the operation of the Project as estimated by the Developer; and

WHEREAS, the Mayor of the City of East Orange in accordance with the Long-Term Tax Exemption Law and Article II of Chapter 247 of the municipal code entitled Long-Term Tax Exemptions and Payments in Lieu of Taxes has recommended to the Municipal Governing Body the acceptance of this application; and

WHEREAS, the Municipal Governing Body has determined that the financial feasibility and viability of the project is dependent upon financial assistance in the form of the payment to the City of an annual service charge in lieu of taxes in accordance with applicable law; and

WHEREAS, the Municipal Governing Body has also determined that said documents will continue to support the benefit to the resident of the City of East Orange of granting a long-term tax exemption pursuant to the attached agreement Exhibit 3; and

WHEREAS, the Developer has demonstrated to the satisfaction of Municipal Governing Body that the granting of a long-term tax exemption will improve the quality of life for the occupants of the project and the quality of life for the City of East Orange; and

WHEREAS, the Municipal Governing Body has thoroughly reviewed the Developer's submissions and supporting documents and determined that it is in the best interest of the City to grant a tax abatement to the Developer in the amount set forth in the financial agreement subject to the adoption of this ordinance for a thirty (30) year term during which the annual service charge shall be increased in accordance with the Financial Agreement; and

WHEREAS, the Developer along with its payment in lieu of taxes shall pay an annual administrative fee equal to 2% of the service charge to the City; and

WHEREAS, as a part of the annual service charge, the tax collector shall remit five (5%) percent of the annual service charge to the County for land taxes pursuant to N.J.S.A. 40A:20-1 et seq., and Chapter 247-7(P); and

WHEREAS, the Developer has agreed that the Office of the Tax Assessor shall conduct a mandatory review during the exemption period of the Financial Agreement and other financial documents every five years; and

WHEREAS, the Developer has agreed that the project is financially feasible and as such, the annual service charge shall be increased in accordance with the Financial Agreement; and

WHEREAS, the Developer has agreed to grounds for termination of the tax abatement consistent with the Financial Agreement and Article II Chapter 247 of the municipal code entitled long term tax exemptions and pilots; and

WHEREAS, the City of East Orange is authorizing the assignment and assumption of the Financial Agreement in reliance upon completion of new construction including site work to the Project being commenced and completed in accordance with the construction schedule in addition to the execution of a community benefits agreement; and

WHEREAS, the financial agreement represents an arm's length transaction between the parties and all promises and agreements, express or implied, payment of fees or other benefits, terms or

conditions related thereto are incorporated therein as it concerns the project and the parties hereto as well as their agents and servants; and

WHEREAS, the Entity hereby certifies its compliance with the applicable municipal ordinances including but not limited to Ordinance No. 4 of 2010 and any amendments thereto as the Long-Term Tax Exemption Law and specifically N.J.S.A. 40A:20-8; and

NOW, THEREFORE, BE IT ORDAINED by the Municipal Governing Body of the City of East Orange that:

SECTION 1: PROVISIONS

- (1) The Municipal Governing Body hereby finds and determines that the proposed Project will meet or meets an existing housing need and that the exemption is in the City's best interest; and
- (2) The Municipal Governing Body does hereby make the determination and findings herein contained by virtue of, pursuant to, and in conformity with the provisions of Article II Chapter 247 of the municipal code entitled long term tax exemptions and pilots and the long term tax exemptions law N.J.S.A.40A:20-1 et. seq. and in accordance with the recommendations of the Mayor's tax exemption review committee; and
- (3) The Municipal Governing Body does hereby adopt this Ordinance with the further intent and purpose that from the date of Closing of Title, the proposed Project, specifically the improvements thereon, will be exempt from real property taxation for a term not to exceed thirty (30) years in accordance with N.J.S.A. 40:20-12, provided that payment of the land taxes and annual service charges for municipal services supplied to the Project are made to the City for the time in such amounts and in the manner set forth in Financial Agreement, and there is no material breach of all other terms in the Financial Agreement; and
- (4) The Municipal Governing Body hereby authorizes the transfer of the Financial and Redevelopment agreements and directs the Mayor and the City Clerk to execute the Assignment and Assumption Agreement referenced herein as Exhibit 3; and
- (5) The Municipal Governing Body hereby directs the City Clerk to transmit a certified copy of this Ordinance and the Financial Agreement to the Director of the Division of Local Government Services.
- (6) Upon Adoption of this Ordinance and execution of both the Assignment and Assumption Agreement as well as the Community Benefits Agreement, a copy shall be transmitted to the Department of Community Affairs, Director of the Division of Local Government Services pursuant to N.J.S.A. 40A:20-12.
- (7) The whereas clauses set forth above shall be incorporated into this section as if set forth at length herein

SECTION 2: INCONSISTENCIES

All other ordinances and parts of ordinances in conflict or inconsistent with this Ordinance are hereby repealed but only to the extent of such conflict or inconsistency.

SECTION 3: HEADINGS

All headings within this ordinance are for convenience only and are not deemed to be part of this ordinance.

SECTION 4: EFFECTIVE DATE

This ordinance shall take effect after final passage and upon expiration of twenty (20) days following publication unless otherwise provided by resolution of this City Council.